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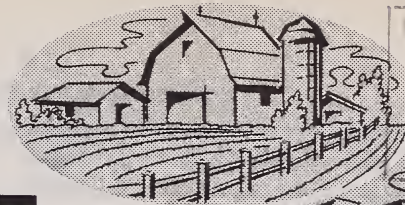
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DEMAND AND PRICE SITUATION



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JUNE 1962

COMMODITY HIGHLIGHTS

GENERAL AGRICULTURAL SITUATION

Published monthly by
ECONOMIC RESEARCH
SERVICE

U. S. DEPARTMENT OF
AGRICULTURE

FACTORS AFFECTING DEMAND FOR FARM PRODUCTS

FOREIGN DEVELOPMENTS

CURRENT COMMODITY SITUATION

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1961		1962				
		Year	May	Feb.	Mar.	Apr.	May	
Industrial production, seasonally adj. <u>1/</u>	: 1957=100	: 109	108	115	116	117	118	
Final products	: do.	: 112	111	117	118	119	121	
Consumer goods	: do.	: 116	115	120	122	123	124	
Autos	: do.	: 97	101	109	110	119	126	
Equipment, including defense	: do.	: 104	102	110	111	112	114	
Materials	: do.	: 106	106	113	113	115	115	
Construction: <u>2/ 3/</u>	:	:	:	:	:	:	:	
Total outlays	: Mil. dol.	: 57,399	55,518	56,811	57,861	58,331	59,624	
Public construction	: Mil. dol.	: 17,034	16,286	16,902	17,308	16,545	16,275	
Private residential	: Mil. dol.	: 22,499	21,257	22,245	22,507	23,516	24,886	
Housing starts, private only	: Thousands	: 1,304	1,291	1,152	1,431	1,538	1,587	
Manufacturers' sales and inventories: <u>2/</u>	:	:	:	:	:	:	:	
Total sales, seasonally adjusted	: Mil. dol.	: 30,770	30,730	32,850	33,220	33,570		
Durable goods	: Mil. dol.	: 14,560	14,570	15,950	16,330	16,420		
Unfilled orders-sales ratio <u>4/</u>	:	: 3.10	2.92	2.91	2.82	2.77		
Inventory-sales ratio, total <u>5/</u>	:	: 1.79	1.73	1.71	1.70	1.69		
Durable goods	:	: 2.16	2.07	2.02	1.98	1.98		
Employment and wages: <u>6/</u>	:	:	:	:	:	:	:	
Total civilian employment	: Millions	: 66.8	66.8	65.8	66.3	66.8	68.2	
Nonagricultural	: do.	: 61.3	61.2	61.2	61.5	61.9	62.8	
Unemployment	: do.	: 4.8	4.8	4.5	4.4	3.9	3.7	
Workweek in manufacturing	: Hours	: 39.8	39.7	40.0	40.3	40.4	40.5	
Hourly earnings in manufacturing	: Dollars	: 2.32	2.32	2.38	2.38	2.39	2.40	
Income and spending:	:	:	:	:	:	:	:	
Personal income <u>2/ 3/</u>	: Bil. dol.	: 416.7	413.2	433.3	435.9	438.9	440.0	
Consumer credit outstanding <u>1/</u>	: Mil. dol.	: 57,139	55,196	55,592	55,680	56,650		
Automobile	: Mil. dol.	: 16,960	16,933	16,900	17,039	17,343		
Total retail sales, seasonally adj. <u>2/</u>	: Mil. dol.	: 18,241	17,995	18,974	19,276	19,612	19,451	
Durable goods	: Mil. dol.	: 5,626	5,549	5,986	6,190	6,346	6,102	
Inventory-sales ratio <u>5/</u>	:	: 1.47	1.46	1.42	1.39	1.37		
Prices: <u>6/</u>	:	:	:	:	:	:	:	
Wholesale prices, all commodities	: 1957-59=100	: 100	100	101	101	100	100	
Commodities other than farm and food	: do.	: 101	101	101	101	101	101	
Farm products	: do.	: 96	95	98	98	97	96	
Foods processed	: do.	: 101	100	102	101	100	100	
Consumer price index, all items	: do.	: 104	104	105	105	105		
Food	: do.	: 103	102	103	103	103		
Prices received by farmers <u>7/</u>	: 1910-14=100	: 240	237	243	244	242	242	
Crops	: do.	: 226	232	226	233	236	243	
Livestock and products	: do.	: 251	241	257	254	246	242	
Prices paid, interest, taxes and wage rates <u>7/</u>	: 1910-14=100	: 301	302	305	305	306	306	
Family living items	: do.	: 291	291	294	294	294	296	
Production items	: do.	: 266	266	268	269	270	269	
Parity ratio <u>7/</u>	:	: 80	78	80	80	79	79	
Farm income and marketings: <u>7/</u>	:	:	:	:	:	:	:	
Volume of farm marketings	: 1947-49=100	: 135	105	102	102	99	108	
Cash receipts from farm marketings	: Mil. dol.	: 34,755	2,236	2,229	2,244	2,157	2,300	

Annual data for most of the items for years 1929, 1941, and 1947-61 appear on page 34 of the April 1962 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.

4/ Unfilled orders for durables divided by monthly deliveries. 5/ Inventories, book value, end of month, divided by sales. 6/ U. S. Department of Labor. 7/ U. S. Department of Agriculture.

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T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board, June 21, 1962

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SUMMARY

Cash receipts from farm marketings during January-May this year averaged about the same as a year earlier. Both the average of prices and the volume of farm marketings showed little change from the January-May 1961 level. In May, cash receipts were estimated at about \$2.3 billion--a little larger than last May.

Payments to farmers under the 1962 Feed Grain and Wheat Programs may total about \$400 million more than the \$800 million paid in 1961. This increase includes prospects for some rise in payments under the continued Feed Grain Program plus payments under the new Wheat Program for 1962.

Overall economic conditions were generally better in May than in the previous month though most indicators of economic activity exhibited relatively small gains. On the plus side, Government purchases and business capital outlays continued to rise. Automobile production was maintained at a fast pace, moving industrial output ahead fractionally, despite the steel industry's low operating rates. Housing starts in May rose slightly from the high April rate as mortgage interest rates trended lower. And total con-

struction activity strengthened in May, led by increased expenditures for private building. Retail sales in May totaled some 8 percent above a year earlier, but were down fractionally from April. The strengthening in economic activity this year has led to record employment and to a further reduction in the unemployment rate. With gains in weekly earnings, personal income payments rose slightly from April to a \$440 billion annual rate in May.

Although industrial output and economic activity rose further in May, major manufacturing industries were operating below capacity--apparently around 87 percent. Steel mill activity in May was down to about 55 percent of rated capacity as manufacturers worked down steel inventories accumulated earlier this year. Supplies of most goods continue large and prices of industrial products are holding relatively stable. Stock prices continued to decline in May and June.

COMMODITY HIGHLIGHTS

Hog prices during next winter and spring likely will be a little below the same period this year if farmers carry out their recently reported intentions to increase fall farrowings. Increases in slaughter of fed and grass cattle are expected to result in a higher rate of total slaughter for the rest of 1962 compared with a year ago.

Dairy product price declines since March--a result of lower support levels and continued heavy marketings in Federal order market areas--point to lower cash receipts in the last three quarters of 1962 than in 1961. First quarter cash receipts were about 1.2 percent larger than a year ago.

Expected higher import duties by the Common Market, beginning July 1, likely will reduce U. S. broiler exports to those countries. Despite this prospect, third quarter broiler prices probably will continue to average substantially above the comparable period a year ago.

Average prices received by U. S. growers for shorn wool in mid-May were the highest in $4\frac{1}{2}$ years. Mill use of raw wool in January-April 1962 was substantially higher than a year ago.

Current crop estimates indicate 1962 wheat production will fall 14 percent below last year. This would result in a wheat supply of about a tenth less than a year ago and likely will cause some reduction in carryover stocks.

The CCC has reduced sharply the weekly sales of feed grains under the 1961 Feed Grain Program--the total value of the certificate pool has been met. The value of feed grains sold against the certificates through June 8 totaled \$773 million--leaving less than 5 million bushels to be sold.

Soybean oil prices for the rest of this marketing year are expected to average about a fifth below the relatively high July-September 1961 level.

For the entire 1961-62 marketing year, soybean oil prices likely will average about 15 percent less than the 11.3 cents per pound in 1960-61.

Production of deciduous fruits in 1962 probably will be a little below last year's large output. The prospective smaller crop largely is a result of unfavorable weather during and after pollination.

Fresh vegetable production this summer is expected to be a little below last year, but significantly above the 1951-60 average. Indicated smaller supplies of early-summer potatoes point to substantially higher prices than a year earlier.

Disappearance of cotton during the 1961-62 season is estimated at about a million bales less than last season's rate. The August 1 carryover is expected to total around 1/2 million bales above the 7.2 million last year.

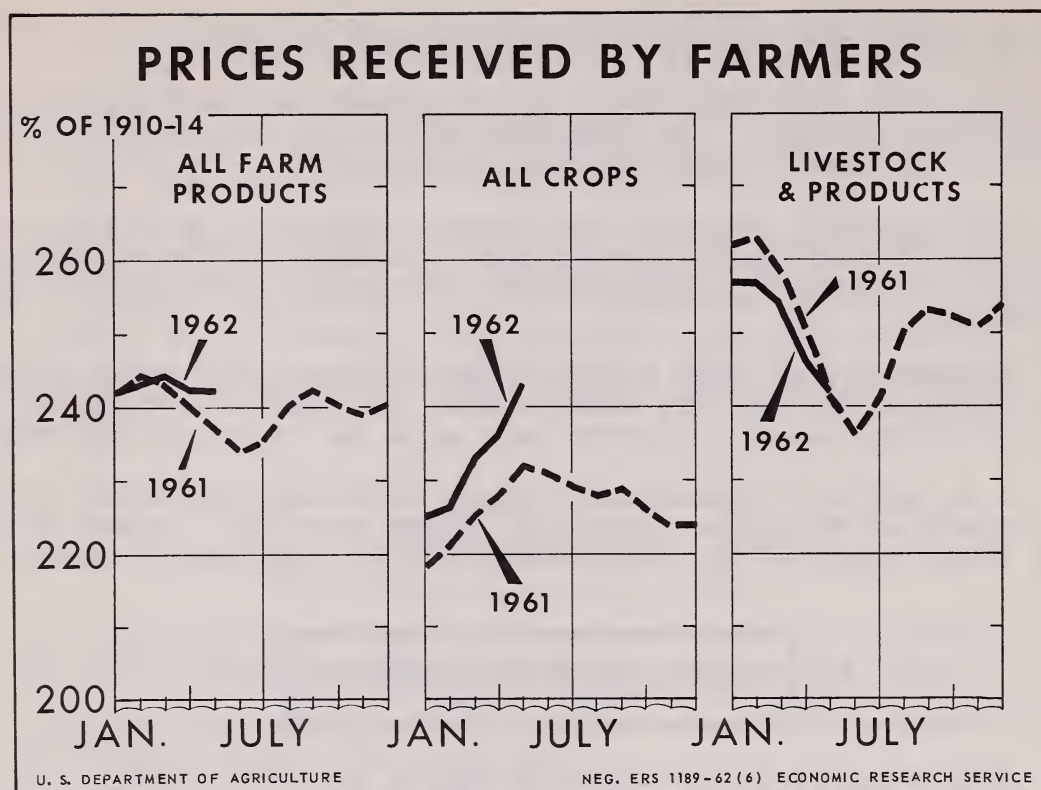
U. S. exports of unmanufactured tobacco in the year ending June 30, 1962 are estimated at 570 million pounds--the largest since 1956. Exports of flue-cured tobacco accounted for about 80 percent of the total tobacco exports.

GENERAL AGRICULTURAL SITUATION

Cash receipts from farm marketings through the first 5 months of this year were about unchanged from the comparable period a year ago; the average of prices and the volume of farm marketings were about the same as the January-May 1961 level. In May both prices received and prices paid for goods and services were the same as in April. Prices received by farmers in May were up 2 percent and prices paid were 1 percent higher than May 1961. The parity ratio, unchanged over the month, was up slightly from a year earlier. Fluctuations of the parity ratio continue within the very narrow range of the past year.

Livestock Prices Offset
Crop Price Advance

The Index of Prices Received by Farmers in May continued in the 1962 month-to-month pattern of little or no change. Crop prices rose by 3 percent from April to May but livestock prices fell by half as much. The relatively more important index weights carried by the livestock group served as an offset to the crop price gain and held the overall index at 242 percent of its 1910-14 average.



In the livestock and products group, meat animal prices were the same as in April, despite the continued downward drift in prices received for hogs. A fractional reduction during the month placed hog prices about 5 percent below last year's level--reflecting the increased slaughter this year. Cattle prices, showing no change from the month earlier level, were running more than 7 percent above a year ago. However, some seasonal decline in fed cattle prices is likely this summer. The usual seasonal increases in milk production and continued heavy receipts in Federal order market areas caused a 3 percent decline in the dairy product price index during May. This decline and the April reduction in price support levels were largely responsible for dairy product prices averaging 5 percent below last year and the lowest May price index since 1958. Poultry and egg prices declined 6 percent from a month ago, off more than usual for a mid-spring period. The greater than usual seasonal decline was largely due to a late Easter holiday. Turkey prices were down 2 percent from April, averaging about 4 percent less than a year earlier, as heavy supplies continued to move out of cold storage.

Crop prices rose 3 percent from mid-April to mid-May, pressured mainly by gains in food grains--particularly wheat; cotton--the highest May price in a decade, with marketings for the most part coming from CCC; and commercial vegetables--notably those for fresh market, and potatoes. On the down side, fruit prices were off nearly 5 percent as oranges and strawberries fell sharply during the month.

Parity Index Steady at April Peak

The Index of Prices Paid, including Interest, Taxes and Wage Rates was unchanged from the record level reached a month ago. Slight but offsetting movements in farm family living and production items indicated relative stability farm costs.

Family living items moved up fractionally from the April all-time peak and stood nearly 2 percent above May 1961. Partly responsible for the recent increase was the March-April spurt in housing starts which exerted some upward pressure on prices for home building materials. Also contributing to the family cost of living rise were higher prices for food, clothing, and household operation items, although slightly lower prices for household furnishings and used cars were partially offsetting.

The prices farmers pay for production items declined fractionally during May, but averaged a percentage point above the comparable period a year ago. Feeder livestock prices were off substantially from the April level mainly in response to some weakening in demand for feeder cattle--a reflection of below average pasture conditions over much of the South and East.

Farm Real Estate Higher in 1962

The market value of farm real estate as of March 1 was a record \$138 billion, or 5 percent greater than a year ago. The gain since March 1961 brought the per acre value of land and buildings to \$123 compared with \$117 last year.

Of the 48 continental United States, about half registered price increases of 5 percent or more during the March-to-March period. Impressive price gains of 6 to 10 percent were made by States in the southeast quarter of the Nation. Furthermore, the overall outlook for the next 6 months indicates a continuation of the current strong demand for farmlands.

Many factors operating in both the farm and nonfarm sectors have contributed to the almost steady rise in land prices in the past 2 decades. In the short run, year-to-year changes in the current and expected level of farm income have often been important. Thus, the strong demand for land, and the upturn in market prices in 1961-62 stemmed chiefly from the increase in farm income in 1961. With farm income in 1962 expected to hold at about the 1961 level, land prices can be expected to remain firm at least through mid-year.

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FACTORS AFFECTING DEMAND
FOR FARM PRODUCTS

General trends in economic activity, though a little mixed, improved some during May as business investment and Government purchases increased. Consumer buying continued high, though down about 1 percent from April.

Industrial production, again spurred by rising automobile output, advanced fractionally and caused small gains in employment and earnings. Contributing to the rise was a further expansion in construction activity.

Auto Output Leads Production Advance

Industrial production again rose some in May from April as automobile output, in response to near-record April sales, continued to lead the advance in the Federal Reserve Board's index of industrial output for the second consecutive month. Contributing to the 1 point advance over last month's 117 (1957=100), were additional gains in the production of other consumer goods. The early spring spurt in housing starts likely accounts for some of the increased production of furniture and other household goods during May. Production of goods for business use also expanded as output of business and commercial equipment increased a little from the month earlier level.

Despite the overall increase in the production index, and generally higher levels of business activity during the month, iron and steel output declined further in May. As large steel stocks are being worked off by major steel using industries, the operating rate of the steel industry is down to about 55 percent of rated capacity. This rate is not expected to increase materially in the immediate future.

Employment Brightens Further in May

The employment picture brightened further in May as total employment moved up fractionally over the month to a record 67.9 million persons. The number of nonfarm jobholders rose from the April level in response to increased activity in manufacturing industries and construction. The number of employed persons in the nonagricultural sector was more than $2\frac{1}{2}$ percent above year earlier levels. In the farm sector, total employment was slightly less than in May 1961.

The number of unemployed persons as a percent of the civilian labor force slipped a tenth of a percentage point in May. The gain in employment more than offset the rise in the labor force, the first since last February. This placed the seasonally adjusted unemployment rate at 5.4 percent--its lowest level since July 1960. The unemployment rate was more closely associated with a reduction in short-term unemployment, as the number of long-term unemployed (15 weeks and over) increased a little during the month.

Personal Income Rises Fractionally in May

The rise in employment in May and a small gain in weekly earnings led to a fractional increase in personal income payments from April. At a seasonally adjusted annual rate of \$440 billion, total income in May was $6\frac{1}{2}$ percent above a year earlier. Much of the gain since April reflected higher wages and salaries, particularly in manufacturing industries where average weekly earnings of

factory workers rose to a record \$97.20, despite a small decline to 40.6 hours in the average workweek. Payments of commodity producing industries--the source of the largest proportion of income--increased slightly in May, as did the distributive and service industries. Government income payments also rose a little during the month.

Manufacturers' Sales Up Moderately
but New and Unfilled Orders Decline

Manufacturers' sales rose by about 1 percent from March to April. The gain placed manufacturers' shipments about 12 percent above last year's level. Widespread gains occurred among durable goods producers, but large steel inventories held by manufacturers caused a reduction of almost a tenth in steel sales. Reduced sales by the steel industry offset the advances made by other hard goods producers. A 5-percent sales increase by motor vehicle producers contributed substantially to the modest overall advance. Sales of nondurables rose at a slightly faster clip than durables--with food, beverage, and petroleum companies showing gains of 2 to 4 percent. Despite sales increases, manufacturers added another \$200 million to their inventories, bringing the April total to \$56.8 billion. The largest changes occurred in steel--off \$50 million, and motor vehicles--rising \$100 million during the month.

New orders placed with manufacturers declined fractionally in April, due to a decline in the value of new orders in durable goods industries. Orders placed with durable goods producers declined for the third consecutive month as large steel inventories led to cutbacks in orders placed with the steel industry. However, machinery and equipment orders moved ahead during the same 3-month period. Orders for nondurable products producers rose a little less than 1 percent in April.

With increased sales and the decline in new orders, order backlogs fell by $\frac{1}{2}$ billion in April but stood more than 6 percent above the year-ago level. The entire reduction of backlogs in April is attributed to the reduction in the steel industry.

Retail Sales Decline 1 Percent
From April Peak

Consumer buying in May was a substantial 8 percent above a year earlier though retail sales dropped 1 percent from the April rate. April sales--a record high--totaled \$100 million more than preliminary estimates of May sales. Although the decline from April was relatively small it may be, in part, a reflection of some caution resulting from the recent fall in stock market prices. The slowdown in retail buying was centered entirely in the durable goods group where the use of instalment credit is generally involved. Despite this slowdown new automobile sales, including imports, were still moving at a relatively fast clip and stood 20 percent ahead of the May 1961 rate. Nondurables advanced fractionally over the month, partly offsetting the sharper drop-off of nearly 4 percent among the durables.

Business Plans More Than
\$37 Billion Investment in 1962

The latest official survey of business plant and equipment expenditures, conducted by the Securities and Exchange Commission and the Department of Commerce in May, indicates an 8 percent increase for 1962 over last year. A similar survey taken late in the first quarter also indicated about the same intended increase in overall expenditures from the 1961 level.

If the intentions reported in the SEC-Commerce survey are carried out, investment in new plant and equipment will total \$37.2 billion for the year. Capital expenditures for the first quarter, at a seasonally adjusted annual rate of nearly \$36 billion, were a little lower than anticipations based on earlier surveys. Through the second quarter, investment expenditures are scheduled to rise moderately, and for the last half of the year businessmen expect to spend at a record rate--about equal to the 1957 third quarter peak of nearly \$38 billion.

Table 1.--Expenditures for new plant and equipment, 1961-1962 1/

Item	:	:	:	1962		
	:	:	:			
	:	:	:			
	1961	1962	1961			
		<u>2/</u>	Apr.-	Jan.-	Apr.-	July-
			June	Mar.	June <u>2/</u>	Sept. <u>2/</u>
	Bil.	Bil.	Bil.	Bil.	Bil.	Bil.
	dol.	dol.	dol.	dol.	dol.	dol.
All industries	34.37	37.16	33.50	35.70	36.95	37.70
Manufacturing	13.68	14.74	13.50	14.20	14.70	14.80
Durable goods industries	6.27	7.04	6.20	6.55	7.05	7.10
Nondurable goods industries	7.40	7.70	7.30	7.60	7.65	7.70
Mining	.98	1.06	1.00	1.15	1.05	1.05
Railroad	.67	.84	.70	.70	.95	.85
Transportation other than rail	1.85	1.88	1.80	2.05	2.10	1.80
Public utilities	5.52	5.51	5.50	5.15	5.35	5.70
Commercial and other <u>3/</u>	11.68	13.12	11.05	12.45	12.85	13.50

1/ Quarterly data, seasonally adjusted at annual rates.

2/ Estimates are based on anticipated capital expenditures reported by business in May 1962.

3/ Includes trade, service, finance, communication and construction.

Note: Details may not add to totals due to rounding.

Securities and Exchange Commission and Department of Commerce.

Construction Activity Strengthens
as Housing Starts Continue
at Rapid Rate

Led by construction activity in the private sector, new construction put in place during May increased by more than 2 percent from April. The advance to \$59.6 billion, at a seasonally adjusted annual rate, put new construction activity at a level 7 percent above last year. The impetus for the month's gain in private construction came from residential nonfarm building expenditures, which increased by almost 6 percent from April, and stood nearly a fifth above May 1961. Public construction, on the other hand, declined for the second straight month.

Spurred by favorable economic conditions and expectations of a continued downward drift in conventional mortgage interest rates, housing starts edged up in May to a fraction above the 1.5 million starts reported a month ago. A further influence on housing activity is the continued downtrend in FHA mortgage yield rates. The decline in the yield rate is one indication of the ample availability of mortgage money in relation to the demand for it; housing starts have been characteristically responsive to these rates. The May yield rate, at 5.62 percent, was the lowest in about 2 years.

THE AUTOMOBILE MARKET

Output of the automobile industry through late spring continued to fulfill early year expectations of near-record output rates. Current high production schedules may lead to some slackening in output in the next few months, but for 1962 as a whole, production will likely top last year's $5\frac{1}{2}$ million units by possibly a million or more. This level may about equal that of 1960, and go down as one of the best production years since 1955 when auto output reached a peak 7.9 million units.

Automobile producers this year have offered consumers a greater diversity of makes, models, and engineering innovations than in preceding years. With this wide array of sizes and body styles, domestic producers continue to regain that part of the market lost to foreign car dealers. At their peak in 1959, foreign cars captured over 10 percent of the U. S. market. However, since that time sales of imports have trended steadily downward to about 6 percent of the total passenger cars sold in 1961. Moreover, American compacts are taking an increasingly greater share of the total U. S. market--more than 30 percent in 1961. The further strengthening of the domestic industry's competitive position over imports is an important factor contributing to higher sales and production rates in 1962.

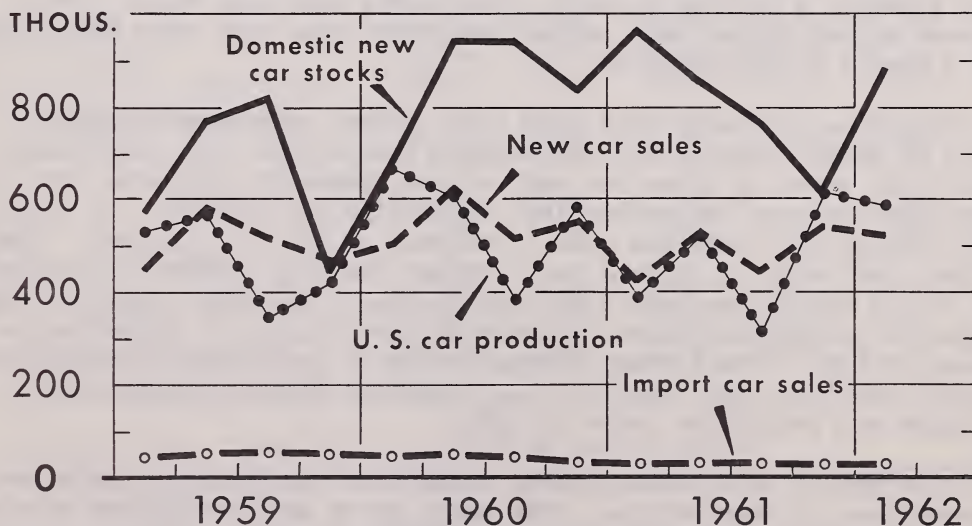
In an effort to increase sales, automobile manufacturers made small price reductions on some models. This small price decline coupled with rising disposable incomes, a comparatively high scrappage rate, and ample consumer credit account for much of the recent favorable trend in auto sales.

Since increased activity in the auto industry steps up demands on other sectors of the economy, the relationship between this industry and general

economic activity is very close. In 1959, for example, automotive consumption of all steel was 20 percent of the total U. S. steel consumption. In addition, the automobile industry consumed among other important materials, 46 percent of all lead, nearly half of all malleable iron, more than 60 percent of all natural rubber, and almost 65 percent of all leather upholstery consumed in the United States. A given percent change in the final demand for automobiles would imply a somewhat larger change in the total bill of goods delivered by other firms to the motor vehicle industry. This has been borne out by an aggregative inter-industry relations study conducted in the early postwar period. This study showed that one dollar's worth of final demand for motor vehicles required, both direct and indirect, deliveries of nearly \$3 by other sectors to the motor vehicle industry. If deliveries by the motor vehicle industry to itself are netted out, requirements total around \$1.40 for each dollar of final product demand for motor vehicles.

The automobile is one of the most durable of the consumer goods, and subject to wide cyclical swings due mainly to variations in replacement demand. However, the influence of this good on cyclical behavior, though important, is not great relative to total economic activity. The direct effects of large swings in automobile production on gross national product tend to be minimized. Several factors serve to cushion the effects of rather large movements in automobile production. Though motor vehicles are a major

AUTOMOBILE PRODUCTION, STOCKS AND SALES, BY QUARTERS



SOURCE: AUTOMOTIVE NEWS

industry, autos are only one component in total American industrial output. Hence, counter-swings in some other items in the industrial output index can offset much of the ups and downs of automobile production. Relative stability in the nondurable goods component would act as a partial offset to changes in durable goods items. Moreover, the services component of GNP, which in 1961 was nearly 40 percent of total GNP, may act as an additional offset to changes in motor vehicle production relative to the gross national product.

Table 2.--Comparison of changes in GNP, industrial production, and automobile production, by quarters, 1959-61 1/

Item	Percent change from previous quarter <u>2/</u>							
	1959				1960			
	II	III	IV	I	II	III	IV	
	:	:	:	:	:	:	:	:
GNP	2.9	-1.8	0.8	2.4	0.5	-0.7	-0.5	
Industrial production	6.9	-3.7	0	4.8	-0.9	-0.9	-2.8	
Automobile production	12.2	-9.1	-22.0	59.0	-3.2	-5.0	-3.5	
	Percent change from previous quarter <u>2/</u>							
	1961				1962			
	I	II	III	IV	I			
	:	:	:	:	:	:	:	:
GNP	-1.0	2.8	1.5	2.8	0.8			
Industrial production	-2.9	5.9	3.7	1.8	0.9			
Automobile production	-32.7	36.5	0	13.9	-3.5			

1/ Computations of GNP based on 1961 prices. Production indexes based on 1957=100.

2/ Changes are positive unless otherwise indicated.

AGRICULTURAL EXPORTS

Agricultural exports in July-May of fiscal year 1961-62 totaled an estimated \$4,642 million, slightly above a year earlier. Substantial gains in exports of wheat, feed grains, and fruits were largely offset by a sizable reduction in exports of cotton. These shifts and their causes are shown below for all major groups of commodities. Data for July-May of the current fiscal year are compared with the same 11-month period of 1960-61.

Animals and animal products: Exports totaled an estimated \$554 million compared with \$557 million for the same 11 months of 1960-61. Gains in tallow, variety meats, and poultry meat were about offset by declines in lard and other products. Smaller lard exports reflected the loss of the Cuban market and increased European production.

Cotton: Exports, excluding linters, totaled an estimated 4.3 million running bales in July-May 1961-62 compared with 6.8 million in 1960-61. The decline reflected mainly the substantial drop in inventories and consumption in foreign importing countries, moderately larger supplies abroad, and greater competition from foreign producers as prices of U. S. cotton in foreign markets continued somewhat above the levels of a year earlier.

Fruits and preparations: Exports in July-May were up about 13 percent, stimulated by the small deciduous crop in Europe and further relaxation of trade restrictions in that area.

Wheat and flour: Exports of 665 million bushels in July-May this year were up from 609 million a year earlier. Increases occurred in both commercial sales for dollars and shipments under Government-financed programs. Substantial increases occurred in exports to Brazil, the Netherlands, Yugoslavia, Turkey, and Chile; major reductions to Italy, Poland, and India.

Feed grains: Exports, excluding products, in July-May of 1961-62 of 12.7 million metric tons were up a fourth from a year earlier with exports of corn and grain sorghums larger; those of oats and barley, smaller. Exports to Japan and Western Europe have been encouraged by expanding livestock production--the 1961 drought in Canada increased their demand for U. S. feed grains. Smaller exportable supplies in other major producing countries have also encouraged purchases from the United States.

Milled rice: Exports totaled an estimated 18.5 million bags in July-May compared with 20.6 million a year earlier. The decline occurred mainly under Government-financed programs, principally to Pakistan and India. Dollar exports gained about one-fourth, mainly to Western Europe, and exports to Africa also showed a substantial increase.

Soybeans: Exports through May are estimated at 136 million bushels, about the same as a year earlier. Supplies available for export were limited earlier this year in anticipation of lower-priced beans from the record 1961 harvest. In addition to an expanding market in Western Europe, exports in recent years

have been encouraged by the record levels of U. S. production and the relatively small quantities of beans available for export from Communist China.

Cottonseed and soybean oils: Exports in July-May 1961-62, excluding Title III, P.L. 480 donations, were down 6 percent from a year ago. Including these donations, exports were up 12 percent. Title I, P.L. 480 shipments to Spain and Poland declined sharply but this was more than offset by donations under Title III to other countries. Higher prices in the early part of the year and larger stocks contributed to smaller exports to Western Europe.

Unmanufactured tobacco: Exports this year through May totaled an estimated 477 million pounds, export weight, the same as a year ago. Exports have been maintained at a fairly high level because of continued rising use of tobacco in foreign countries and availability of high-quality leaf in the United States.

Vegetables and preparations: Exports in July-May totaled about the same as a year earlier. Exports of dried beans fell considerably, reflecting larger crops in Mexico and other Latin American countries and large stocks of canned beans in Western Europe. The gain in exports of white potatoes reflected the substantial increase in the 1961 harvest in the United States and lower production in Western Europe. Exports of canned vegetables have increased principally to Western Europe, reflecting advancing standards of living and gradual relaxation of trade barriers against U. S. commodities.

Agricultural Imports

Imports of agricultural products in July-April of fiscal year 1961-62 (latest period for which data are available) totaled \$3,141 million, 3 percent above a year earlier. The value of imports of supplementary products (partially competitive) increased to \$1,702 million, a gain of 13 percent, reflecting a strong demand for animals and animal products. Imports of complementary (non-competitive) items declined about 6 percent, reflecting generally lower prices for major commodities such as coffee, cocoa beans, and crude natural rubber.

CURRENT COMMODITY SITUATION

LIVESTOCK AND LIVESTOCK PRODUCTS

Meat Animals

Meat production this summer probably will continue close to current rates, because the summertime easing in hog slaughter will be largely offset by increases in cattle. Meat production has been above a year earlier each month this year and probably will continue above during the next several months. Prices for cattle, calves, and lambs are above last year but hogs are lower.

The pig crop this spring was 2 percent smaller than in 1961 with most of the decline in March-May farrowings. Hence, hog slaughter this summer is expected to be close to a year ago but smaller this fall than last. At their peak this summer, hog prices may top the \$17.50 per 100 pounds paid to producers last September. Slaughter the first 5 months was nearly 5 percent larger this year than last and prices averaged about a dollar below a year earlier.

Farmers have just reported intentions to increase fall farrowings by 2 percent. If these intentions are realized the fall crop will be about 43 million head. Marketings from a crop this size next winter and spring would be large enough to hold prices close to or only a little below a year earlier.

Cattle slaughter during the rest of 1962 likely will continue above last year, with gains in both fed and grass cattle. The number of cattle on feed April 1 was only 1 percent above April 1961, but feeders planned to market a larger proportion after midyear. April and May placements on feed were up in Arizona and California, which report monthly, and feeder shipments into the Corn Belt also were larger. Prices of fed cattle likely will decline this summer, in contrast to a rising trend last summer, and by fall probably will be near a year earlier.

Marketings of cows and other cattle off grass this summer and fall will be influenced by range and pasture conditions but they are expected to be seasonally large and above a year earlier. Cattle and calf slaughter thus far this year has been about 2 percent above a year earlier. While this gain may be a little larger in the last half of 1962, there is little prospect that it will be great enough to halt an expansion in cattle numbers.

Sheep and lamb slaughter dropped below year-earlier rates in March and by June was running 10-15 percent below. By mid-June, Choice slaughter lambs were about \$4-5 per 100 pounds above last June. Prices will decline seasonally this summer but will continue well above last summer. If the late lamb crop is down from a year earlier, as now seems likely, prices probably will continue above a year earlier this fall and winter.

Dairy Products

Milk production in May was 12.5 billion pounds, 1.3 percent above a year ago and seasonally higher than the 11.3 billion pounds produced in April. Production for January-May was 0.9 billion pounds above a year ago. The drop in the rate of gain from 2.0 percent in the first quarter to 1.2 percent and 1.3 percent in April and May is partially due to below normal pasture conditions and to a continued leveling out in the seasonal pattern. Most of the increase over last year's production occurred in a few North Atlantic and North Central States--Michigan, Wisconsin, New York, Ohio, Illinois, Minnesota, and Iowa. Grain feeding continued at record levels, in spite of the more than seasonal fall in milk-feed price ratio from 1.42 in March to 1.27 in May. Milk production per cow reported by crop correspondents continued to rise over a year earlier.

The price farmers received for all milk in May was \$3.74 per 100 pounds, 14 cents below a month earlier, 19 cents below a year earlier, and 42 cents below the March level. The price decline from March to April was 28 cents, largely as a result of lower price supports. Price declines from March to May varied considerably from region to region, ranging from 73 cents in New England to 31 cents in the West North Central States. The greater decline in areas primarily selling milk in fluid milk markets reflects a lower rate of utilization for bottling purposes than in 1961, seasonal adjustments in pricing formulas, and the impact of supply-demand adjusters in Federal order markets. The May price of all milk, adjusted for seasonal variation, was 79 percent of parity compared with 81 percent in March, while the farm price of butterfat, 57.8 cents per pound, fell to 75 percent of parity from 79 percent in March.

The 2 percent increase in milk production in the first quarter of 1962 over a year earlier, coupled with a 0.7 percent price decline, indicates that cash receipts for the first quarter of 1962 were about 1.2 percent larger than a year ago. However, price declines since March point to lower cash receipts in the last 9 months of 1962 than in the same months of 1961.

The volume of milk sold as whole milk in 68 Federal order and 6 State marketing areas was 2 percent above a year earlier in March and 1.5 percent up in the first quarter compared with last year's first quarter loss of 0.6 percent. April sales of whole milk, however, were only 1 percent above a year earlier.

Higher total fluid milk consumption is indicated for 1962 than 1961, but per capita consumption may be slightly lower. Skim milk and low-fat fluid items gained 7 percent above a year ago in the first quarter. This compares with a 10.4 percent increase in the same months of 1961.

Increases in fluid milk sales and ice cream and cottage cheese production indicate that the 1961 dip in consumption of milk solids-not-fat will be reversed. However, disappearance of nonfat dry milk in the first 4 months of 1962 is sharply lower than a year earlier.

In the first quarter of 1962, nearly 50 percent of all milk produced was used in manufacturing milk compared with 47 percent a year earlier. This increase was channeled into butter production, which was up 15 percent in the first quarter and 10 percent in April and May. Cheese production, which was 5 percent under a year earlier during the first quarter, was only 1 percent down in May. Nonfat dry milk production for January-April was 15 percent above the same period in 1961. April production of evaporated, condensed, and dry milk, though rising seasonally, was 12 percent lower than in April 1961. Total cold storage holdings of butter were 385 million pounds on May 31, 226 million pounds above a year earlier. Total storage stocks of manufactured products at the end of April were 11.8 billion pounds of milk equivalent, 5.3 billion pounds above last April. Most of this increase was due to growing Government stocks of butter. At the end of May these were 337 million pounds; 226 million pounds above last May.

CCC purchases of butter in the first 5 months of 1962 were 252 million pounds, 78 percent above a year earlier, and nonfat dry milk deliveries were 684 million pounds, 60 percent higher. Cheese purchases for the same period were 115.6 million pounds compared with only 8.0 million pounds in January-May 1961.

Poultry and Eggs

Egg prices to farmers in mid-May averaged 28.9 cents per dozen, 3.2 cents below mid-May 1961. Between late May and early June prices for eggs in major markets declined sharply and moved further below the 1961 level. But then prices strengthened and, by mid-June, they had more than regained the ground lost from mid-May. Now near their seasonal lows, egg prices are likely to rise more this summer than last, although they may continue to average less during this period than in 1961.

On June 1, the Nation's laying flock was producing eggs at a rate $2\frac{1}{2}$ percent greater than a year ago. Egg output over the next few months is likely to continue significantly higher than in 1961, mainly because of expected year-to-year gains in the rate of lay. By the last quarter, the number of layers on farms probably will be less than in 1961 due to the 9 percent reduction from 1961 in the January-May hatch of chicks for laying flock replacements. However, fourth quarter egg production in 1962 may not be much different than output in the fourth quarter last year.

Broiler growers received an average of 14.3 cents per pound for live birds in May compared with 14.8 cents a month earlier and 14.0 cents in May 1961. From the last half of May through the first 5 days of June, broiler prices in Southern producing areas rose from 13 to 14 cents per pound, in sharp contrast to the 2 cent decline that occurred during this period last year. These prices then weakened somewhat and on June 12 were mostly 13 cents per pound, but 2 cents above the extremely depressed prices of a year earlier. The recent price strength, compared with a year earlier, has been due partly to a reduction in per capita supplies. In addition, trade reports indicate that broiler exports to Common Market countries were stepped-up sharply in May and early June in anticipation of higher import duties to be effective on July 1.

Despite the prospect of lower export sales in the third quarter, broiler prices this year are likely to continue significantly above the 12.3 cents per pound average that prevailed in the same period last year. Broiler exports in July-September last year were equivalent to about 3 percent of production.

Beginning the year 7 cents under the 1961 level, turkey prices to U. S. growers increased sharply between January and April and then leveled off. In mid-May, at 20.5 cents per pound, they were only 0.9 cents per pound lower than in May 1961. Prices in the main marketing period, September-December, will be moderately above the extremely low average of 18.0 cents per pound that prevailed during this period last year. This is primarily because of a probable reduction in per capita use of about 10 percent.

The number of turkeys slaughtered under Federal inspection in the first 4 months, although seasonally small, was down 23 percent from the same period a year earlier, a significantly larger reduction than would be suggested by the number of poults hatched 4 to 7 months earlier. The apparent discrepancy

is partly explained by the fact that growers have been withholding birds from the market and carrying them to heavier weights. Except for fryer-roasters, turkeys in all age groups were heavier in January-April this year than last, with the average liveweight of all turkeys slaughtered at 14.4 pounds, up 5 percent from 1961.

Turkey growers voted on a proposed national turkey marketing order between June 18 and June 22. The outcome of this referendum could modify the turkey outlook presented above.

Wool

World wool prices have remained relatively stable at mid-May levels. This stability can be expected to continue through the beginning of the 1962-63 marketing season which starts in late August and early September in the Southern Hemisphere countries. In June, world prices of the fine and medium wools were above those of a year earlier; those of the coarser wools, below.

The mid-May average price received by U. S. growers for shorn wool was 46.3 cents per pound, grease basis, the highest average price since January 1958. The price received by growers for wool has risen significantly from the low of 40.5 cents in November 1961. In May 1962, it was almost 4 cents or 9 percent above a year earlier.

U. S. mill use of raw wool during the first 4 months of 1962 was substantially above a year earlier. Apparel wool use was up 29 percent. Carpet wool use was up 7 percent. The seasonally adjusted average weekly rates of apparel and carpet wool mill use declined in April after increasing during each of the previous 3 months.

Reflecting the increase in apparel wool mill use and the building-up of commercial wool stocks, imports of dutiable raw wool increased significantly during the first 4 months of 1962. They were 52 percent above the comparable period of 1961 and the highest since the first 4 months of 1956. Imports of duty-free wools during the first 4 months of 1962 were almost 22 percent less than the same period of 1961. This reflects the working down of commercial carpet wool stocks and the slightly unstable mill use of carpet wool.

CROPS

Wheat

Cash wheat prices continue at a high level relative to the price support loan rate. Large purchases for export, a higher price support level for 1962-crop wheat, and prospects of a relatively small crop are all causing price strength.

Prices of dominant classes and grades were all above the effective support price for 1962-crop wheat. The national average support rate, on 1962-crop wheat is 21 cents per bushel above the 1961 rate. On June 19, the price of No. 1 Dark Northern Spring, ordinary protein, was \$2.36, 12 cents above the effective support for 1962-crop wheat. No. 2 Hard Red Winter, Kansas City, was \$2.18, 2 cents above the 1962 effective support rate, No. 2 Soft Red Winter, St. Louis, \$2.17, 1 cent above; Portland, No. 1 Soft White, \$2.18, 11 cents above.

Based on the June crop report, the 1962 wheat crop may be one of the smallest in recent years. The 1,058 million bushel crop currently estimated is 14 percent below last year's crop and is the smallest since 1957. Coupled with the projected smaller July 1, 1962 carryover of 1,345 million bushels, and making allowance for the usual imports, the supply of wheat for 1962-63 would be about 2,410 million bushels. This would be a reduction of 9 percent from last year and 10 percent from the record 1960-61 supply.

Disappearance in 1962-63 may total less than the 1,308 million bushels estimated for 1961-62 because of prospects for reduction in exports from the record 710 million bushels estimated for this year. But prospective disappearance, relative to the present supply, points to a further reduction in carry-over stocks in the 1962-63 marketing year.

Feed Grains

Prices received by farmers for feed grains rose 3 percent from April to May with corn accounting for much of the increase. The mid-May average price received by farmers was 5 percent higher than a year earlier, and 7 percent above the seasonal low of last November. High-protein feed prices also were higher in May than last November but were 7 percent lower than in May 1961. Prices paid for all feed purchased by farmers was very close to the May 1961 level. Feed prices are a little higher than a year ago in relation to prices received for hogs, dairy products, poultry, and eggs. Prices of hogs and dairy products, however, are above average in relation to feed prices, but poultry-feed price ratios continue below the 10-year average.

Prices received by farmers for corn in May averaged \$1.03 per bushel, 1 cent higher than a year earlier. The 10 percent rise in corn prices from November to May this year was a little below the post-war seasonal average for those months and much less than the 18 percent rise in the same period of 1960-61. Prices of other feed grains have advanced more than corn during the past year. Oat prices in May were 12 percent higher than a year earlier, barley was up 17 percent and sorghum grain 10 percent. Prices of oats and barley in May were about a fourth higher than corn after adjusting for differences in feeding value.

The Commodity Credit Corporation has reduced greatly the weekly sales of feed grains under the 1961 Feed Grain Program, since the total value of the certificate pool practically has been realized. Through June 8 the value of the feed grains sold against the pool certificates totaled \$773 million, leaving less than 5 million bushels of grain to be sold under this program. Total sales through June 8 included 600 million bushels of corn, 149 million bushels of sorghum grain, 10 million bushels of barley, and 2 million bushels of oats. Total sales of corn by CCC including both domestic and foreign sales for October 1 through June 8, set a new record of 840 million bushels.

Early June prospects were generally favorable for feed crops. Field preparations and planting of corn and sorghums were ahead of last year in early June and also ahead of the normal schedule. Rainfall was above normal in much of the North Central region favoring growth of small grains and forage crops.

Prospects for barley are much better than last year in the Northern Plains, when drought sharply reduced production in the Dakotas. Pastures were good to excellent over much of the Northern and Western areas of the country, but dry weather in large areas of the South reduced the national average to 78 percent of normal, 6 points below the average condition on June 1, 1961. The average condition of all hay crops on June 1 was slightly below a year ago and near average for that date.

Oilseeds, Fats and Oils

Despite strong domestic demand, output of soybean oil has exceeded total demand and oil stocks have continued to accumulate this marketing year. Soybean oil prices (crude, Decatur) declined to 9.3 cents in May 1962, from 10.7 cents per pound in October 1961, averaging 10.2 cents for the 8 months, 1.3 cents below a year ago. Last year, prices trended upward to a seasonal peak of 13.3 cents in April 1961 from 9.4 cents per pound in October 1960. Prices have been drifting lower ever since and in mid-June 1962 were 8.5 cents per pound.

Bean oil prices during the rest of the marketing year are expected to continue weak, averaging around 20 percent below the July-September 1961 average of 10.8 cents per pound. For the entire 1961-62 marketing year, bean oil prices will likely average around 9.5 cents per pound compared with 11.3 cents in 1960-61.

The strong demand for soybean meal both domestic and foreign, has been important this year in increasing the crush of soybeans in spite of the lower demand for soybean oil. The large number of livestock and poultry on farms and the record feeding rate per animal unit has resulted in a strong domestic demand for meal. Exports of soybean meal in 1961-62 are up sharply and probably will set a new record of around 900,000 tons compared with the previous record of 649,000 tons in 1959-60, reflecting the continued uptrend in the production of and demand for animal products in the major importing areas.

The highly favorable demand and price situation for soybean meal and low stocks stimulated a crush much greater than required to meet domestic and export demands for the oil, and stocks continued to accumulate this year. Soybean oil stocks increased every month since September 1960 (except during August-October 1961) from 308 million pounds to a record 959 million pounds at the end of February 1962 and has remained on this plateau.

Current estimates of production, domestic disappearance, and exports indicate that stocks of edible oils (cottonseed, soybean, salad and cooking oils) will continue high during the remainder of the year. On October 1, 1962, stocks probably will be in the neighborhood of 1.0 billion pounds, about double their average level of recent years.

On May 18, 1962, USDA announced program changes permitting greater flexibility in using acreage diverted from wheat and feed grains in 1962. The changes are authorized by Public Law 87-451, approved May 15, 1962. Flaxseed, rapeseed, and mustard seed were added to crops that may be grown on 1962

diverted acres in addition to guar, sesame, safflower, sunflower, and castor beans, which were permitted in 1961.

The new law (which amends the Agricultural Act of 1961) authorizes the Secretary of Agriculture to permit diverted wheat and feed grain acreage to be planted to annual nonsupported field crops and flax when these crops are not in surplus and will not be in surplus supply if produced on diverted acreage. No price support may be made for the production of the designated crops on diverted acreage. The law also permits a partial payment of up to one-half the diversion rate which would otherwise be applicable if the acreage was devoted to conservation uses.

Accordingly, a determination has been made to provide partial payments for 1962 on diverted acreage planted to the following crops:

<u>Crop</u>	<u>Proportion of Diversion Payment Retained</u>
Guar)	20 percent
Sunflower)	
Castor beans	30 percent
Sesame	40 percent
Safflower)	No payment-but permitted
Flaxseed)	
Rapeseed)	
Mustard seed)	

Fruit

Production of deciduous fruits in 1962 is expected to be below the large output in 1961, but above average. Small increases over 1961 are in prospect for pears, sweet cherries, sour cherries, and dried prunes in California. Small to substantial decreases are indicated for apricots, fresh plums in California, peaches, and strawberries. Decreased apple production also is indicated by the June 1 condition of the crop. Substantially more California walnuts, but much less almonds, are expected in 1962 than were produced in 1961.

The prospective smaller 1962 deciduous fruit crop is the result mainly of winter freezes, spring frosts, and otherwise unfavorable weather during and after pollination. The crop of peaches in the southern States and those of some of the California fruits, especially apricots and plums, are lighter and maturing later this spring than in 1961. This has contributed to both delayed and decreased early-season shipments to fresh markets. Shipments to early June were much lighter this year than last. Shipping-point and terminal auction prices for early-season sales of various deciduous fruits have tended to average somewhat higher this year than last. Consumer demand for fruit is expected to be at least as good this summer as a year earlier.

The June 1 condition of 1962-63 citrus crops, to be harvested beginning next fall, is quite variable among fruits and States. For the more important fruits and States, the June 1 condition was as follows: Oranges, the same as a year ago in California, but down slightly in Florida; grapefruit, up a little

in Florida; lemons, down a little in California. Prospects are poor for all citrus crops in Arizona because of January and March freezes. In Texas and Louisiana, damage from the January freeze was so severe that it was impractical to determine the June 1 condition of the 1962-63 citrus crops.

The 1961-62 Florida orange and grapefruit crops are turning out somewhat larger than seemed likely earlier in the season, and remaining supplies in mid-June were somewhat larger than a year earlier. But harvest will be substantially completed by the end of June. From then until early fall, most of the fresh citrus will come from California, where remaining supplies of Valencia oranges and lemons are somewhat lighter than a year ago, and those of grapefruit are about the same as a year earlier. In Florida, grower prices for oranges this spring have been much lower than a year earlier, those for grapefruit, especially pink seedless, somewhat higher. In recent weeks, grower prices for California oranges and lemons also were generally below comparable prices in 1961.

Output of Florida frozen orange concentrate to June 9 of the 1961-62 season set a new record of nearly 102 million gallons. Although movement from packers to the trade also has been up substantially, packers' stocks continue well above year-earlier levels. For the more important Florida canned single-strength citrus juices in 1961-62, both the packs and shipments have been larger than in 1960-61, and packers' stocks are currently above year-earlier quantities. Movement of canned deciduous fruits from the record 1961-62 pack has been good, and canners' stocks of 9 important items on June 1, 1962, were about the same as a year earlier. But stocks of frozen deciduous fruits and berries (excluding juices) on June 1, 1962, were up about 10 percent.

Commercial Vegetables

Fresh.--Early June estimates indicate that slightly less fresh vegetables, excluding melons, will be available in early summer than a year ago, but substantially more than the 1951-60 average. Production estimates point to more early summer carrots than a year ago and about the same amount of onions but less cabbage, celery, sweet corn, cucumbers, green peppers, and tomatoes. Moderately less summer lettuce also is in prospect. Indicated production of early summer watermelons is slightly smaller than a year ago and cantaloup output is expected to be down a fifth.

June reports point to larger acreages of late summer cabbage and onions, and summer escarole. But smaller acreages are expected for late summer carrots and watermelons, and for the summer crops of garlic and green peas.

Processed.--Total supplies of canned vegetables probably are moderately larger than a year earlier. Smaller supplies of spinach, green peas, carrots, tomato juice, and pumpkin and squash are more than offset by larger supplies of most other major items. Aggregate remaining supplies of frozen vegetables are considerably above those of a year ago. Asparagus, broccoli, carrots, cauliflower, and spinach are in lighter supply, but stocks of most other major items are above those of a year ago.

Early reports indicate about the same acreage of vegetables for processing this year as last. Production of winter and spring spinach was about a fourth smaller than a year earlier. Indicated acreages are slightly to moderately smaller for lima beans, snap beans, sweet corn, cucumbers for pickles, and contract cabbage for kraut. However, intended acreage for processing is up slightly to moderately for beets and green peas, and up substantially for tomatoes. With yields near the average of recent years on the intended acreages, packs of canned green peas, and of tomatoes and tomato products would be larger, and beets about the same as last year. Packs of most other major canned items likely would be a little smaller. The frozen pack also would be slightly smaller.

Potatoes

Supplies of potatoes for the next 4 to 6 weeks will be smaller than the large supplies of a year earlier. The bulk of the storage supplies of fall potatoes have been marketed and supplies now depend largely on this year's crop. Indicated production of late spring potatoes is 27 percent smaller than last year, and early reports point to about a fifth less tonnage of early summer potatoes. With smaller supplies, prices are expected to average materially higher than those of last year. Kern County shipping point prices of U. S. No. 1, size A California Long Whites, washed, averaged \$3.00 per hundredweight for the week ending June 16 compared with \$1.55 a year earlier.

Cotton

Disappearance of cotton during the 1961-62 season is estimated at about 14.0 million bales, about 900,000 bales below last season. This decline is likely because the drop in cotton exports is expected to more than offset an increase in mill consumption. The supply of cotton for the current season is estimated at 21.7 million bales--down 400,000 from 1960-61. On this basis, carryover on August 1 is expected to be about 500,000 bales more than the 7.2 million bales a year earlier.

Consumption of cotton by domestic mills during 1961-62 is estimated at about 9.0 million bales compared with 8.3 million bales the previous crop year. During the first 9 months of the current season, mill consumption totaled 7.0 million bales, about 12 percent or 749,000 bales above a year earlier. Mill consumption is greater than a year earlier primarily because of a higher level of economic activity this season compared with last.

Exports of cotton during the 1961-62 season are expected to total nearly 5.0 million bales, about 1.6 million bales less than exported last season. The smaller exports are related to a working down of stocks and estimated smaller consumption in the foreign free world. Registrations under the payment-in-kind program totaled 4,782,958 bales through June 15--1,587,477 fewer bales than in the same period last year.

The average price received by farmers for all kinds of cotton from the 1961 crop to April 1, 1962, was 32.8 cents per pound. This is 2.6 cents more than the price in 1960 and, with the exception of 1958, is the highest average price received by farmers since 1954. The value of lint cotton from the 1961 crop was \$2,348 million, up 9 percent from 1960 and the highest since 1955.

Combined value of lint cotton and cottonseed was about \$2,653 million, about 10 percent higher than the total value for the 1960 crop and the highest value since 1953.

In May, the average 1¹/₄ spot market price for Middling 1-inch cotton was 33.88 cents per pound, up from 33.85 cents per pound in April and 31.80 cents per pound in May 1961. This advance in spot market prices was a continuation of an upward trend that began in January 1961. For the first 10 months of the current season, spot market prices for Middling 1-inch cotton averaged 33.60 cents per pound--compared with 30.67 cents per pound a year earlier. The average price received by farmers in May was 32.67 cents per pound, up from 31.75 cents per pound in April and 30.67 cents per pound in May 1961. Current prices received by farmers are largely a reflection of CCC loan redemptions.

Imports of cotton textiles were at a record-high level during the first quarter of calendar 1962. On a raw fiber equivalent basis, imports in the first quarter of 1962 totaled 179,000 bales, up 61 percent from the last quarter of 1961 and 86 percent above the first quarter of 1961. U. S. exports of cotton textiles in the first quarter of 1962 totaled 113,200 bales, about 16 percent below the first quarter of 1961.

Tobacco

Consumption of cigarettes by U. S. smokers (including overseas forces) during July 1961-June 1962 is estimated at about 506 billion--over 2¹/₂ percent higher than in 1960-61, and about 5 percent above 1959-60. About an additional 26 billion cigarettes were exported or shipped to U. S. island possessions in the fiscal year just ending--8 percent more than in 1960-61.

The number of cigars and cigarillos consumed by U. S. smokers in fiscal year 1961-62 is estimated at about 7.1 billion--2 to 3 percent above the level of the previous 3 years. In calendar year 1961, according to a survey of the Cigar Manufacturers Association of America, sales of cigarillo-size cigars (over 3 but not more than 10 pounds per 1,000) totaled 9¹/₄ million, nearly the same as a year earlier. In both recent years cigarillos comprised around 13¹/₂ percent of all cigars sold.

The output of smoking tobacco for pipes and "roll-your-own" cigarettes in the year ending June 30 is estimated at 72¹/₂ million pounds--3 percent below 1960-61 and the second lowest on record. The production of chewing tobacco at 64³/₄ million pounds was near that of the previous fiscal year, but output of snuff at about 33¹/₂ million pounds was probably down slightly to a new low.

U. S. exports of unmanufactured tobacco in the year ending June 30, 1962, are estimated at close to 570 million pounds (farm-sales weight)--slightly above the 1960-61 total and the largest in 6 years. Exports of flue-cured tobacco accounted for about five-sixths of the total tobacco exports. The 10 ranking foreign outlets for U. S. flue-cured were United Kingdom, West Germany, Japan, Netherlands, Australia, Thailand, Belgium, Ireland, Denmark, and Sweden.

The only tobacco auctioned this time of year is Maryland tobacco. The first auctions for 1962 flue-cured tobacco will begin during the latter half of

July. Auction marketings of 1961 crop Maryland tobacco through mid-June totaled about $24\frac{1}{2}$ million pounds and averaged 62.8 cents per pound--1 cent lower than in the corresponding period last season. About 3.4 million pounds additional have been received at the Baltimore hogshead market and together with the auction volume account for over three-fourths of the estimate of 1961 production.

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